

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES REGULAR MEETING

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, May 15, 2007 at 1:00 p.m. in the "Old" Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES &
ALTERNATES* Daniel Hall – Chairperson, Peter Dobrzeniecki, Robert Erlenbeck,
Janice Kehoe, Michelle Kirkwood, Amy Lindman, Donald Phillips,
Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT Douglas Bingaman, Peggy Cook, Ehren Gonzales, Sandra Kidd,
Kerry Nelson, Scott Sutter

ALSO PRESENT Suzi Bye, Retirement Supervisor
Trachelle Young, City Attorney/Attorney for Retirement Board
Ivory Day, Jr., Gray & Company
Harland Abraham, Northern Trust

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Hall called the meeting to order at 1:05 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

There were no members of the public present who wished to address the Board.

3. APPROVAL OF THE APRIL 17, 2007 REGULAR BOARD MEETING MINUTES

It was moved by Robert Rosenberger, and supported by Robert Erlenbeck, to approve the minutes of the April 17, 2007, Regular Board Meeting, as presented.

Upon being put to a vote, the motion carried unanimously.

4. APPLICATIONS FOR VOLUNTARY RETIREMENT

Corine Freeborg

HMC/Exempt

Final Average Compensation: \$ 73,148.54

Accumulated Contributions: 39,713.48

DRET: 46,778.22

Effective Date of Retirement 03/24/2007

Service: 30 Years, 5 Months

The retiree elected the Option Straight Life in the amount of \$ 3,804.74.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Corine Freeborg be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension under the Option Straight Life in the amount of \$3,804.74, for as long as she lives.

Frances Goka

District Court/Exempt

Final Average Compensation: \$ 43,905.06

Accumulated Contributions: 17,896.24

DRET: .00

Effective Date of Retirement 03/24/2007

Service: 19 Years, 4 Months

The retiree elected the Option C w/pop-up in the amount of \$ 1,531.43.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Frances Goka be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension under the Option C w/pop-up in the amount of \$1,531.43, for as long as she lives.

Denise Lamson

Risk Mgmt (Public Service Program)/1600

Final Average Compensation: \$ 31,964.64

Accumulated Contributions: 43,744.80

DRET: 840.99

Effective Date of Retirement 03/01/2007

Service: 25 Years, 0 Months

The retiree elected the Option Straight Life in the amount of \$ 1,622.43.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Denise Lamson be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension under the Option Straight Life in the amount of \$1,622.43, for as long as she lives.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Applications for Voluntary Retirement for the following persons (with monthly pensions as noted):

Corine Freeborg - Option Straight Life – \$3,804.74

Frances Goka - Option C w/pop-up - \$1,531.43

Denise Lamson – Option Straight Life - \$1,622.43

Upon being put to a vote, the motion carried unanimously.

5. APPLICATION FOR DUTY DISABILITY RETIREMENT

Richard Dicks

Police/FPOA

Age: 40 Years

Service: 3 Years, 11 Months

The medical report and summary of Disability Determination dated March 28, 2007 from Dr. Victor Roth, Medical Director, does certify that Richard Dicks is totally and permanently disabled.

Georgia Steinhoff, Chair of the Professional Services Committee, reported that the Committee reviewed Mr. Dicks' application and the Medical Report and Summary of Disability Determination from Dr. Victor Roth. The Committee concurs with Dr. Roth's recommendation that Mr. Dicks is totally and permanently disabled and recommends that his application for duty disability retirement be approved.

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to concur with Dr. Roth's report that Richard Dicks is totally and permanently disabled and should be granted a duty disability retirement.

Upon being put to a vote, the motion carried unanimously.

6. OPTIONS PICKED BY DEFERRED & NON-DUTY DISABILITY RETIREMENTS
(for information only)

Linda Brant/City	Option C w/pop-up \$1,249.38
Kimberly Davis/Hurley	Option Straight Life \$ 490.34
Paul Fuhs/Hurley	Option C \$872.02
Anthony Kulick/City	Option B \$867.76
Kimberly Yecke/City	Option Straight Life \$453.90
Susan White/Hurley	Option Straight Life \$509.88

7. UPCOMING CONFERENCES (Placed on file in the Retirement Office)

- 7.1 Pension & Investments, Absolute Return/Alpha Conference, May 7-9, 2007, New York, NY.
- 7.2 Information Management Network, Illinois PERS Summit, June 4-5, 2007, Chicago, IL.
- 7.3 Financial Research Associates, Valuation of Hard-to-Value Securities and Portfolios, July 16-17, 2007, New York, NY.
- 7.4 International Foundation, Concepts and Practice of Canadian Benefits, July 23-25, 2007, Toronto, Ontario.
- 7.5 Barclays Global Investors, Hedge Funds: A New and Better Approach, May 16, 2007, San Francisco, CA.
- 7.6 Financial Research Associates, Hybrid Securities, June 26, 2007, New York, NY.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to receive and approve all information/documents listed under Agenda Items #7, #8, #9, and #10, and place all documents on file.

Item #10.18 was separated for discussion purposes only, but included in the motion to receive.

Upon being put to a vote, the motion carried unanimously.

8. COMMUNICATIONS RECEIVED *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 8.1 CB Richard Ellis Investors, Letter to Trachelle Young re: 2006 Schedule K-1, March 29, 2007.
- 8.2 Northern Trust Global Investments, Strategy, April 2007.
- 8.3 Northern Trust Global Investments, Fund Declaration, April 6, 2007.
- 8.4 Jones Trading, Welcome Letter re: Pershing LLC, February 21, 2007.
- 8.5 Kendall Williams, Letter to Trachelle Young re: HMC and FERS, April 16, 2007. *(Enclosed)*

9. COMMUNICATIONS SENT *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 9.1 Letter to Northern Trust from Daniel Hall re: May 1, 2007 Pension transfer, February 20, 2007.
- 9.2 Bob Erlenbeck, Letter to O'Bryan Law Firm re: Mary Jane Veit, April 13, 2007. *(Enclosed)*

10. REPORTS RECEIVED *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 10.1 Fidelity Investments, Capital Contribution, April 24, 2007.
- 10.2 Fidelity Investments, FREG II Distribution, April 26, 2007.
- 10.3 Magna Securities, Commission Recapture Report as of March 31, 2007.
- 10.4 Fidelity Investments, Monthly Investment Update, 1st Quarter 2007.
- 10.5 LJR Recapture Services, Trading Summary as of February 28, 2007.
- 10.6 LJR Recapture Services, Trading Summary as of March 31, 2007.
- 10.7 GLOBALT Investments, Performance Summary as of March 31, 2007.
- 10.8 Skyline Asset Management, Small Cap Value Performance, March 31, 2007.

10.9 Fisher Investments, Investment Portfolio as of March 31, 2007.

- 10.10 Dodge & Cox, Investment Report as of March 31, 2007.
- 10.11 GLOBALT Investments, Quarterly Review, 1st Quarter 2007.
- 10.12 ICON Advisors, Portfolio Update as of March 31, 2007.
- 10.13 Barclays Global Advisors, Currents, April 2007.
- 10.14 Wellington Management, Investment Review, March 31, 2007.
- 10.15 Northern Trust Reports – March 2007 (*Enclosed*)
- 10.16 Retirement Fund Employee/Employer Contributions (*Enclosed*)
- 10.17 Hurley Employer/Employee Contributions July 2004 to Present (*Enclosed*)
- 10.18 2007-2008 Fiscal Year Proposed Budget (*Enclosed*)

Item #10.18, which outlines the Administrative costs for the Retirement budget, was briefly discussed. Bob Erlenbeck noted that the Wages & Salaries line item represented 100% of the wages for Suzi Bye and Colleen McAuliffe, 50% of the wages for Debbie Stephens, and 30% of his wages.

11. STATISTICAL REPORT OF BENEFITS (*for information only*)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number Retired	3,032	3,027	3,019
Annualized Payroll	\$ 64,198,389	\$ 64,850,497	\$ 65,326,689

12. APPROVAL OF THE JUNE 1, 2007 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$4,925,900 was needed for the payment of the June 1st, 2007 pension payroll, with funds to be taken from the Northern Trust Flint-Drawdown Account #26-19617. The balance in the Northern Trust drawdown account, as of May 11, 2007, was \$13,083,974.

A motion to approve the transfer of \$4,925,900 for payment of the June 1st, 2007 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank,

was made by Amy Lindman, and supported by Robert Rosenberger.

Upon being put to a vote, the motion carried unanimously.

13. FINANCE COMMITTEE

Chairman Hall stated that no meeting has been held since last month.

14. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff reported that the Committee met on May 7, 2007. Dr. Roth, from M-Works, was present at the meeting and participated in a discussion regarding the disability retirement process and various issues requiring clarification. Attorney I'Lanta Robbins presented a draft disability policy to the Committee for review and discussion. The meeting was productive, with new procedures being developed to improve the process for examining applicants to determine total and permanent disability.

Other Issues: The Committee is researching a referral from Janice Kehoe about an old retirement program at Hurley. They are also reviewing the travel policy and will be making recommendations soon. Ms. Steinhoff has been in contact with Mr. Bricker at Gabriel Roeder regarding their new MinuteMaster methodology, which includes the relevant minutes along with each motion. The Committee discussed the deferred retirement process and notification of retirees for selection of options and completion of paperwork when moving from deferred to active status. Retirement office and pension payroll staff are working together to streamline that process. Suzi Bye reported that she is now getting better information from Hurley; however, she does not get timely responses to follow-up questions. Retiree Phyllis Donovan contacted the Committee about making arrangements to pay back an overpayment of her pension.

Mr. Erlenbeck stated that an opinion has been received from the outside attorney (Anthony Heckemeyer of Keller Thoma) regarding the limitation on benefits, which was applied most recently to the pension for Daniel Coffield. The attorney's opinion is that the City Ordinance would have had to have been changed in 1995 to allow "grand-fathering" of the previous limits. Since the Ordinance was not changed, the limitations imposed on Mr. Coffield's FAC calculation were accurate and in line with current IRS 415 limits. The attorney's opinion also creates the need to review other files of individuals who previously retired from highly compensated positions, to ensure they comply with IRS 415 limits in place at the time of their retirement. If a retiree disagrees with the application of the IRS 415 limits, they can petition the Board for a hearing.

Peter Dobrzeniecki noted that he has been working on the GASB 43 & 45 liability for post-retirement health care funding and he discovered that there is no formal contract with the Actuary, Gabriel Roeder Smith & Company. Discussion followed. Ms. Steinhoff noted that the Committee has discussed conducting a new search for an actuary. Chairman Hall referred the issue to the Professional Services Committee.

15. FERS TO MERS TRANSITION

Chairman Daniel Hall asked Attorney Trachelle Young to speak to the Trustees regarding a lawsuit filed against the Retirement Board related to the FERS to MERS issue.

Attorney Trachelle Young requested that the Board go into a closed, executive session for the purpose of consulting with the Board regarding trial and settlement strategy in connection with specific pending litigation since an open meeting could have, and would have, a detrimental financial effect on the litigating or settlement position of the Board. This is related to Case #07-86123AW, recently filed and pending before Judge Neithercut.

A motion was made by Robert Rosenberger, and supported by Peter Dobrzeniecki, to move into closed session to discuss litigation issues with the attorney.

Upon being put to a vote, the motion carried by a vote of 7 to 1, Cass Wisniewski being the dissenting vote.

Discussion followed regarding closed session minutes and Attorney Young stated that no minutes are to be taken in closed session. The meeting is for the purpose of consulting with the Board's legal counsel and any action taken must be taken in open session.

The Board went into closed session at 1:22 p.m.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, for the Board to move out of closed session at 2:14 p.m.

Upon being put to a vote, the motion carried unanimously.

The Board recessed for a break at 2:14 p.m.

The Chairman called the meeting back to order at 2:20 p.m.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to table further discussion of “FERS to MERS Transition issues” due to pending litigation.

Upon being put to a vote, the motion carried unanimously.

16. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Hall noted that there have been no meetings of this Committee.

17. INVESTMENT COMMITTEE REPORT

Chairman Hall stated that a recently scheduled committee meeting was cancelled, and would be rescheduled in June, prior to the next Board Meeting. The March 31, 2007 reports from Gray & Company will be reviewed by the Committee at that meeting. Committee members are Daniel Hall, Peter Dobrzeniecki and Amy Lindman. Chairman Hall asked Finance Committee Chair Robert Rosenberger (or his alternate, Michelle Kirkwood) to attend Investment Committee meetings also. Ivory Day will join the meetings by conference call. Mr. Day noted that the agenda should also include a discussion regarding replenishing the drawdown account.

18. GRAY & COMPANY

Chairman Hall stated that Ivory Day will discuss his report and recommendations with the Investment Committee prior to the next Board Meeting.

19. LEGAL COUNSEL UPDATES

Attorney Trachelle Young stated that the attorneys met regarding the Claude Miller lawsuit and Attorney Ric Champnella is drafting a letter indicating that the City is working with the pensioners to provide requested information. She noted there has been no action on the Take Two Interactive lawsuit; attorneys for both sides are filing for summary judgements.

Attorney Young also noted that there was a concern raised by Attorney Gibbs regarding Trustees voting at the hearings for retiree pension calculation errors if they had missed any of the proceedings. However, it is her legal opinion, based on research by Attorney Robbins, that Board Members do not have to be present at every hearing. If they review all transcripts and information presented, they can still vote. She also noted that copies of the transcripts are

available from her office.

Attorney Young reported that Attorney I'Lanta Robbins filed a reply brief with the court regarding Sherrie Jackson's appeal of her disability denial. The court date for oral arguments has been scheduled for Tuesday, May 29th with Judge Farah. The Judge will probably issue a written ruling after that date. Regarding the Bank of Ireland, there has been no response to the March 28, 2007 letter to them requesting any written instructions they received and acted upon for liquidating our assets.

20. DB/DC CONVERSION

Bob Erlenbeck reported there was no update or change in status at this time.

21. OTHER BOARD BUSINESS

Chairman Hall stated that the election for the FERS Retiree Representative has been scheduled as follows:

Nominating Petitions Filing Deadline: June 29, 2007

General Election: July 27, 2007

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to approve the filing date of June 29th and election date of July 27th for the Retiree Representative.

Upon being put to a vote, the motion carried unanimously.

22. ADJOURNED

There being no further business to discuss, it was moved by Amy Lindman, and supported by Robert Rosenberger, to adjourn the meeting at 2:33 p.m.

Upon being put to a vote, the motion carried unanimously.

Respectfully submitted,

Peter Dobrzeniecki, Secretary